

### Wall Street Reform and Consumer Protection

#### THE MELTDOWN

For years, government, led by Republicans and Democrats alike, looked the other way as Wall Street and the Big Banks exploited loopholes, gambled your money on complex schemes, and rewarded failure and recklessness. America's families and small businesses paid the price. We lost 8 million jobs and \$17 trillion in retirement savings and Americans' net worth. A record number of foreclosures ravaged our communities, and credit disappeared from small businesses.

#### TOUGH CHOICES

This Congress has made tough choices and taken effective steps to bring our economy back from the brink of disaster. The Recovery Act has already saved or created up to 2.8 million jobs and much of the TARP has been paid back. And now we are taking another key step forward with the Wall Street Reform and Consumer Protection Act.

#### AMERICA LEADS

As we rebuild our economy, we must ensure Wall Street and Big Banks are not allowed to put short-term profits, selfishly, ahead of long-term stability--and leave hardworking families to suffer the consequences. No longer will the risky behavior of a few threaten the financial stability of our families, our businesses, and our economy as a whole.

#### **Common-sense reforms that hold Wall Street and the Big Banks accountable will:**

- End bailouts by ensuring taxpayers are never again on the hook for Wall Street's risky decisions;
- Protect families' retirement funds, college savings, homes and businesses' financial futures from unnecessary risk by CEOs, lenders, and speculators;
- Protect consumers from predatory lending abuses, fine print, and industry gimmicks; and,
- Inject transparency and accountability into a financial system run amok.

#### WHAT'S IN THE LEGISLATION?

- **Creating a new Consumer Financial Protection Agency to protect families and small businesses by ensuring that bank loans, mortgages, and credit cards are fair, affordable, understandable, and transparent.** We currently have rules that keep companies from selling us toasters that burn down our homes. We should have similar rules

that bar the financial industry from offering mortgage loans to people who can't afford repayment;

- **Ending predatory lending practices** that occurred during the subprime lending frenzy;
- **Shutting down "too big to fail" financial firms** before risky and irresponsible behavior threatens to bring down the entire economy;
- **Ending costly taxpayer bailouts** with new procedures to unwind failing companies that pose the greatest risk - paid for by the financial industry and not the taxpayers;
- **Tough new rules on the riskiest financial practices** that gambled with your money and caused the financial crash, like the credit default swaps that devastated AIG, and common sense regulation of derivatives and other complex financial products. Includes a strong "Volcker rule" that generally restricts large financial firms with commercial banking operations from trading in speculative investments;
- **Tough enforcement and oversight** with:
  - More enforcement power and funding for the **Securities and Exchange Commission**, including requiring registration of hedge funds and private equity funds; and,
  - Enhanced oversight and transparency for **credit rating agencies**, whose seal of approval gave way to excessively risky practices that led to a financial collapse.
- **Reining in egregious executive compensation and retirement plans** by allowing a 'say on pay' for shareholders, requiring independent directors on compensation committees, and limiting bank executive risky pay practices that jeopardize banks' safety and soundness;
- **New protections for grocers, retailers and other small businesses** facing out-of-control swipe fees that banks and other credit and debit card issuers charge these businesses for debit or prepaid-card purchases. As a result, merchants stand to save billions; and,

- **Audits the Federal Reserve's emergency lending programs** from the financial crisis and limits the Fed's emergency lending authority.

### LEARN MORE

[How Wall Street Reform Helps Community Banks, Credit Unions and Small Businesses»](#)  
[The Top 10 Things You May Not Know About the Wall Street Reform and Consumer Protection Act»](#)  
[Read the Wall Street Reform and Consumer Protection Act \(Thomas\)»](#)  
[Download the Wall Street Reform and Consumer Protection Act \(.pdf\)»](#)  
[Read a summary of the legislation on the Financial Services Committee website»](#)